

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 - - - - - x

4 In the Matter of:

5
6 GAWKER MEDIA, LLC, Case No. 16-11700
7 Debtor.

8 - - - - - x

9 In the Matter of:

10
11 NICHOLAS G.A. DENTON, Case No. 16-12239-smb
12 Debtor.

13 - - - - - x

14 TERRY BOLLEA,
15 Plaintiff,

16 v. Adv. Case No. 16-01248-smb

17 NICHOLAS G.A. DENTON,
18 Defendant.

19 - - - - - x

20 U.S. Bankruptcy Court
21 One Bowling Green
22 New York, NY

24 MARCH 22, 2017

25 11:03 AM

1 B E F O R E :

2 HON STUART M. BERNSTEIN

3 U.S. BANKRUPTCY JUDGE

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Hearing re: Case Conference

2

3 Hearing re: Motion to Approve Settlement Agreement with
4 Terry Gene Bollea and Dismiss Adversary Proceeding

5

6 Hearing re: Debtors Motion to Voluntarily Dismiss Chapter
7 11 Case

8

9 Hearing re: Debtors Motion to Approve Third Stipulation and
10 Order Extending the Deadlines Within Which the Gawker
11 Entities May File a Prepetition Claim Against the Debtor or
12 Seek to Except Such Claim from the Debtors Discharge
13 (related document(s) 140)

14

15 Hearing re: Pre-trial Conference

16

17

18

19

20

21

22

23

24

25 Transcribed by: Tracey Williams

1 A P P E A R A N C E S :

2 ROPES & GRAY LLP

3 Attorney for Debtor Gawker Media, LLC

4 1211 Avenue of the Americas

5 New York, NY 10036-8704

6

7 BY: GREGG M. GALARDI, ESQ.

8

9 COLE SCHOTZ

10 Attorney for Debtor Nicholas G.A. Denton

11 Court Plaza North

12 25 Main Street

13 Hackensack, NJ 07601

14

15 BY: WARREN A. USATINE, ESQ.

16

17 COHEN & GRESSER LLP

18 Attorney for Terry Bollea

19 800 Third Avenue

20 New York, NY 10022

21

22 BY: DANIEL H. TABAK, ESQ.

23

24

25

1 A P P E A R A N C E S : (Contd.)

2 OFFICE OF THE U.S. TRUSTEE

3 Attorney for the U.S. Trustee

4 U.S. Federal Office Building

5 201 Varick Street

6 Suite 1006

7 New York, NY 10014

8

9 BY: GREG M. ZIPES, ESQ.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 P R O C E E D I N G S

2 THE COURT: Good morning. Gawker and Denton.

3 MR. GALARDI: Good morning, Your Honor, Gregg

4 Galardi on behalf of the Gawker debtors. Today I think we
5 only have scheduled a status conference, so let me give a
6 quick overview.

7 With respect to the Gawker debtors, since last we
8 met the Gawker debtors filed their 2016 tax returns at the
9 end of February and made a request for 505(b) relief; they
10 have some outstanding claims. We went effective on March
11 17th with respect to all of the estates, Gawker Media,
12 Gawker Hungary, and GMGI, and from what I understand we will
13 be making distributions in accordance with the plan to
14 certain claimants.

15 But more importantly, which will get us -- lead
16 into the Denton case, pursuant to the plan GMGI will be
17 making distributions to its equity holders, which include
18 Mr. Denton. I think they're doing the wires and checks
19 today and tomorrow, so within the next few days Mr. Denton
20 will have part of the initial distribution. The initial
21 distribution is about approximately \$20 million, so he will
22 get his share of that according to his stockholdings.

23 And that is the status update, unless Your Honor
24 had questions, and Mr. Denton's lawyer is here for his
25 status update.

1 THE COURT: Is there any pending litigation or
2 anticipated litigation or claims objections?

3 MR. GALARDI: Yes, Your Honor. There is -- so
4 with respect to closing the case --

5 THE COURT: Well, we have the Johnson, I know the
6 Johnson --

7 MR. GALARDI: You have Johnson under advisement,
8 and then you have coming up on the 18th of April there is a
9 claims objection outstanding to the IRS regarding taxes for
10 I believe it's years 2014 and 2015. They did commence an
11 audit, so they're hopefully going to be done with that. But
12 that's why I mentioned the 2016 and 505(b) relief, because
13 we intentionally did not go effective before we filed those
14 tax returns, I expect there to be an audit. But those will
15 be the only open issues that really keep the case open and
16 we're hopeful under 505(b) to be able to get that done in
17 short order, but it is the IRS and they are complicated tax
18 issues.

19 THE COURT: Is there anyone else who wants to be
20 heard in connection with the Gawker case management
21 conference?

22 I'll adjourn this for three months to June 29.

23 MR. GALARDI: Okay. Thank you, Your Honor.

24 THE COURT: At 10:00. Now we're up to Denton.

25 MR. USATINE: Good morning, Your Honor, Warren

1 Usatine, Cole Schotz, on behalf of Mr. Denton.

2 There are three motions on the Court's calendar
3 for the Denton case today: one is the motion to approve Mr.
4 Denton's settlement with Terry Jeanne Bollea, one is the
5 motion to dismiss, and then we have a motion that hopefully
6 will be mooted or can be withdrawn based -- to extend the
7 time for the Gawker estates to assert claims against Mr.
8 Denton's estate. If I could take them in that order, Judge.

9 THE COURT: Go ahead.

10 MR. USATINE: With regard to the Bollea
11 settlement, Your Honor is aware that the precipitating --
12 the main precipitating factor for the Denton filing was the
13 Bollea judgment, \$125 million, 115 million of which was
14 joint and several with the Gawker debtors and Mr. Delario
15 (ph), and there was a \$10 million punitive damage award.

16 Your Honor is familiar with the Gawker-Bollea
17 settlement. That also resolved the compensatory damage
18 claim against Mr. Denton, but the punitive damage claim
19 remained and that is among the things that were resolved in
20 the settlement agreement that's before you now. There is no
21 cash consideration going to Mr. Bollea.

22 The settlement does include some representations
23 and undertakings with regard to, quote, "content" that was
24 up on the Gawker Web site with regard to Mr. Bollea. It
25 also -- and it includes releases, of course, and the

1 extinguishment of the Bollea claim against Mr. Denton, as
2 well as the dismissal of the 523 action that is pending.

3 We have served all creditors. There's -- I think
4 we filed the motion actually both in the main case and the
5 adversary proceeding, the 523 proceeding, because we're
6 looking to deal obviously both with the Bollea proof of
7 claim as well as the 523 action. Certifications of service
8 were filed; we received no objections to the motion.

9 THE COURT: Is there anyone who wants to be heard
10 in connection with these motions?

11 The record should reflect there's no response.
12 They're approved. I'll need a separate order closing the
13 adversary proceeding --

14 MR. USATINE: Thanks.

15 THE COURT: -- or dismissing the adversary
16 proceeding.

17 MR. USATINE: Thank you, Your Honor.

18 With regard to dismissal, if I might move on to
19 that.

20 THE COURT: Go ahead.

21 MR. USATINE: In addition to the Bollea action,
22 Mr. Denton was a named defendant in three other pending
23 litigation claims at the time of his filing, and they're
24 familiar to the Court of course from the Gawker case: they
25 were the Ayu Dari (ph), Terrell and Hwan (ph) litigations.

1 And I'm sure the Court will recall that those three claims
2 were also settled in the context of the corporate cases and
3 the plan confirmation. And the settlements in those three
4 cases also extinguished any right of those litigation
5 claimants to continue to pursue claims against Mr. Denton.

6 So with those creditor claims satisfied and with
7 the Bollea settlement that we struck that Your Honor just
8 approved, Mr. Denton has no more contingent claims against
9 him. And so the precipitating factor, the purpose for
10 seeking the Chapter 11, which was to get the benefit of the
11 automatic stay while Mr. Denton pursued the Bollea appeal,
12 contested those other contingent claims, obviously now no
13 longer exists.

14 In addition, as Mr. Galardi just said, Mr. Denton
15 stands to receive distributions on account of his preferred
16 equity interest in the Gawker cases and he'll get the first
17 of those this week. And the amount of -- frankly, the
18 amount of that first distribution will far exceed his
19 creditors and we have a schedule that was attached to the
20 motion.

21 So we also filed this motion and served it on all
22 creditors and have received no objections. We worked with
23 the United States Trustee's Office to make sure that Mr.
24 Denton's quarterly fees have been paid; he's all paid up
25 through the end of 2016. We've provided Mr. Zipes' office

1 with his disbursements right up through today and we've
2 calculated that his fees for those will be \$975, and we will
3 pay those. We're just waiting for Mr. Zipes' office to
4 confirm that he agrees with that number and Mr. Denton will
5 cut a check for those fees, but the U.S. Trustee, to my
6 understanding, is not objecting or conditioning the
7 dismissal on that.

8 So we have received no other objections, Your
9 Honor, for any creditors or other parties.

10 THE COURT: Is there anyone who wants to be heard
11 in connection with the motion to dismiss the Denton case?

12 MR. ZIPES: Greg Zipes with the U.S. Trustee's
13 Office. And in addition we'll note that the order provides
14 obviously that there's no release and no discharge for the
15 debtor.

16 THE COURT: Have you seen the order?

17 MR. ZIPES: It was -- yeah, we've seen the order
18 and it -- other than matters that were settled in this
19 bankruptcy case, it all provides that all parties will
20 retain their rights.

21 THE COURT: All right. All right, the motion is
22 granted. You can submit the order.

23 MR. USATINE: Thank you, Your Honor. And then
24 that should make the third motion --

25 THE COURT: Yeah.

1 MR. USATINE: -- which can be denied as moot, I
2 assume, or however you want to handle it?

3 THE COURT: I'll mark it up as moot, right.

4 MR. USATINE: Thank you, Your Honor. That's all
5 we have in the Denton case.

6 THE COURT: Why don't you just write a letter or
7 an email withdrawing the motion, so we'll file that.

8 MR. USATINE: We will do that, Judge. Thank you.

9 THE COURT: Okay. Thank you.

10 (Whereupon these proceedings were concluded at 11:11
11 AM)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I N D E X

RULINGS

PAGE

Motion to Approve Settlement Agreement and

Dismiss Adversary Proceeding

9

Debtor's Motion to Dismiss Chapter 11

11

C E R T I F I C A T I O N

I, Tracey Williams, certify that the foregoing transcript is
a true and accurate record of the proceedings.

Tracey
Williams

Digitally signed by Tracey Williams
DN: cn=Tracey Williams, o, ou,
email=digital1@veritext.com, c=US
Date: 2017.03.23 15:10:06 -04'00'

Tracey Williams

AAERT Certified Electronic Transcriber CET-914

Date: March 23, 2017

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501